GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:6684
ANSWERED ON:10.05.2002
CODE OF CONDUCT FOR BANKS
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Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India proposes to release a Code ofConduct to make all banks follow `Know your Customer` Guidelines and report back to the regulator any abnormal flow of funds in any account;

(b) if so, whether world`s leading bankers met at Wolfsberg in Switzerland in the wake of September 11, 2001 attack on USA by terrorists to consider a self-regulating mechanism;

(c) if so, whether Government propose to draw from the Wolfsberg principle while re-drafting its Money Laundering Bill; and

(d) if so, the details thereof ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a): Reserve Bank of India (RBI) has reported that it is in the process ofissuing fresh guidelines to banks setting out the policy and procedures required to be introduced by banks, including renewed emphasis on the importance of `Know Your Customer` procedures, to prevent misuse of the banking system for money laundering.

(b): The Wolfsberg Group of international financial institutions met atWolfsberg from January 9 to 11, 2002 to describe the role of participating financial institutions in preventing the flow of terrorist funds through the world`s financial system.

(c): No, Sir.

(d): Does not arise.